

**+MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
February 9, 2009

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Rep. Michael Morley, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Jim Dunnigan
Rep. Lynn Hemingway
Rep. Brian King
Rep. Ryan Wilcox

MEMBERS EXCUSED: Sen. Dan Liljenquist

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors list will be filed with committee minutes

Co-Chair Sen. Hinkins called the meeting to order at 2:09 p.m.

MOTION: Rep. Duckworth moved to approve the minutes of February 4, 2009. The motion passed unanimously with Rep. Bird and Rep. Dunnigan absent for the vote.

Department of Workforce Services

Danny Schoenfeld, Fiscal Analyst, reviewed for the committee the Department of Workforce Services (DWS) explaining the budget brief for the Department. He noted the increase in the over-all federal funds because of the Food Stamp trust fund and unemployment trust that were not included prior to 2007 General Session but are an intricate part of their budget. He also noted that FTE count has remained fairly steady.

The Analyst explained the Departments budget request: Support Medicaid caseload growth with \$2,361,300 ongoing General Fund and \$2,361,300 ongoing federal funds and \$1,146,200 supplemental General Fund and \$1,146,200 supplemental federal funds. In addition Support Food Stamp caseload growth with \$1,622,200 one-time General Fund and \$1,622,200 one-time federal funds.

The Analyst further stated that funds for Workforce Services are nonlapsing for 2009 and 2010.

The Analyst asked the committee to consider the following actions: 1. Adopt the base budget

amount of \$798 million the Department of Workforce Services detailed above. 2. Consider the budget issues raised in the Issues Briefs. The subcommittee may wish to include these items in its prioritized recommendations to Executive Appropriations Committee.

The Analyst further explained the budget and break out of the nine largest programs. He explained that because the majority of the programs offered by DWS are federally funded and are targeted toward select groups of eligible individuals, workers' time (and employment center costs) must be charged to the different programs and funding sources based on the profiles of each of the customers being served. Each of these programs were then discussed and graph illustrations furnished to show Administration/Administrative Overhead; Operations, Program and Case Management; and finally, Customer Financial Benefits.

The Analyst responded to questions from the committee. He referred to a Schedule of Funding chart furnished to the committee.

Kristen Cox, Executive Director, briefly highlighted the strategic direction of the Department. (handout)

The national and global economic downturn is having an overwhelming impact in Utah. The state is experiencing a rare historical period of job loss. DWS is serving many more families this year compared to last with unemployment insurance claims, Food Stamp cases and Temporary Assistance for Needy Families (TANF). An example: Of the approximately one million Utah households, DWS provided assistance to 138,000 households (13.8%) in November 2008. Utah's poverty rate is estimated at 10.6 percent for 2006 and is rising.

A typical household receiving assistance is either in transition, in crisis, or in chronic need. About 75 percent of DWS assistance cases include female heads of household with the majority having one or more children in the home. She further noted that the poverty guidelines for 2009 for a family of three in Utah is approximately \$17,000.

In July of 2007, the Department took over the medical eligibility from the Department of Health. Prior to that time a customer would have to go to both departments if they had a medical problem in addition to say receiving Food Stamps. They now do all eligibility or one stop experience for their customers. She further stated that approximately 50% of the people they serve have a medical case only.

The Director further stated that a 100.4 percent increase in unemployment insurance (UI) claims from the previous year. She explained how the Department is handling these claims and trying to be more cost efficient by consolidating the claims processes.

Food Stamp cases are federally funded, but a 50/50 match of federal and state funds is used to cover the administration costs of eligibility and processing as well as reviewing fees for each case. She noted that they had an 24% increase in cases from December 2007 to December 2008.

Temporary Assistance for Needy Families (TANF) case loads have increased by 14%. Their funding for the program comes from federal monies that are funded until 2010. Further stating that Maintenance of Effort (MOE) is a requirement that a state must spend at least a specified amount of state funds for benefits and services in order to receive the federal funds. Both TANF and Child Care Programs meet this MOE requirement. The TANF and the Child Care Program require \$20.4 million and \$4.5 million respectively in MOE. The Department's MOE is 35% of its current FY 2009 General Fund appropriation.

Ms. Cox stated the current budget deficit of \$15 million and explained how this happened. Further explaining how they are responding to the projected shortfall by: Proactively searching for TANF MOE stand-in costs; Reducing administrative costs such as travel, printing communications, computer replacements, organizational memberships, hiring freeze, etc.; and Restructuring eligibility staff to reduce expenses and maximize operational benefits of eREP.

The Director stated that the Department supports the Governor's budget recommendations.

DWS requests appropriations for FY 2009 and FY 2010 from the DWS Special Administrative Expense Fund to help meet funding requirements due to the growth in caseloads. DWS requests an additional \$1.3 million for FY 2009 and \$2.8 million for FY 2010. The request for \$2.8 million for FY 2010 includes the Analysts recommendation of \$1.145 million from the fund. The Special Administrative Expense Fund is a restricted account; therefore only funds collected can be spent.

The following citizens spoke in favor of the Department and their requests: Bill Tibbitts, Crossroads Urban Center, Mike Bulson, Utah Legal Assistance, and Matt Minkevitch, The Road Home.

Ms. Cox responded to questions from the committee.

MOTION: Rep. Hemingway moved to adjourn. The motion passed unanimously.

Rep. Morley adjourned the meeting at 3:36 p.m.

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Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair